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No. 83-1839

IN THE
SUPREME COURT OF THE UNITED STATES

October Term, 1983

RAILROAD DYNAMICS, INC.,
Petitioner

v.

A. STUCKI COMPANY,
Respondent

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF
APPEALS FOR THE FEDERAL CIRCUIT

REPLY BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

Alan S. Nadel
Ronald L. Panitch
PANITCH SCHWARZE JACOBS & NADEL
Suite 1400, 2000 Market Street
Philadelphia, PA 19103
215-567-2020

Edward H. Rubenstone
GROEN, GOLDBERG & RUBENSTONE
1 Greenwood Square, Suite 101
Bensalem, PA 19020
215-638-9330

Attorneys for Petitioner

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Petitioner hereby respectfully replies to the following mischaracterizations and unanticipated new arguments set forth in Respondent's Brief in Opposition to Petition for a Writ of Certiorari to the

United States Court of Appeals for the Federal Circuit ("Opposition Brief"). That Petitioner does not reply herein to any issues or arguments raised in the Opposition Brief does not indicate Petitioner's acquiescence therein or agreement therewith.[1/]

1. **Contrary to Respondent's Assertions, Petitioner Did Not Agree That the Jury Instructions Were Without Error.**

Respondent argues that Petitioner cannot now contend that the jury instructions in the case were in error since Petitioner acquiesced to their use at trial. This argument is based upon a drastic mischaracterization of one statement made by counsel during a discussion with the trial court relating to one small aspect of the instructions where the judge

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1/ The abbreviations used in the Petition will be used herein (see footnotes 1, 3 and 5 thereof), except that pages of the Opposition Brief are cited as, for example, "O.B. 1."

indicated he would instruct the jury that he would use the word "overcome" rather than "destroyed" with respect to the presumption of validity. Counsel for Petitioner stated that the use of that word was "fine" (T. 14.22-.23). At O.B. 3 and 11, Respondent has taken this limited exchange with the court entirely out of context in an attempt to obscure the many objections made by Petitioner to the charge to the jury, not only after the charge (T. 14.148-.149), but also during a motion for a directed verdict and during discussions with the court of the proposed instructions.

Petitioner timely objected to submitting the legal determination of obviousness to the jury, rather than submitting to the jury only the factual inquiries underlying such a determination as set forth in Graham v. John Deere Co., 383

U.S. 1, 17-18 (1966). (Plaintiff's Memorandum on Obviousness as a Question of Law, District Court Docket Entry No. 157; Plaintiff's Memorandum in Opposition to Defendant's Request for Instructions to the Jury, District Court Docket Entry No. 150; T. 6.49; T. 1.148-.149). Specific objections were made to the proposed instructions and to the instructions as actually given with respect to the presumption of validity (Memoranda entered as Docket Entry Nos. 150 and 157; T. 13.74; 13.89-.90; 14.95-.96; 14.148-.149). For example, at T. 13.89-.90, a specific objection was made to the proposed instruction that Petitioner had the burden by clear and convincing evidence, rather than by a preponderance of the evidence, to overcome the presumption of validity of Respondent's patent, particularly where the Petitioner relied upon much more per-

tinent prior art than that relied upon by the patent examiner.

It is clear that Petitioner never agreed and does not now agree with the instructions given to the jury in this case and particularly with those portions of the instructions relating to the submission of the legal issue of obviousness to the jury and the Petitioner's burden of proof in view of the misinterpretation of the presumption of validity.

2. Respondent Has Mischaracterized and Misinterpreted the Conflict Within the CAFC Concerning the Requirement For The Use of Jury Interrogatories.

Respondent devotes several pages (O.B. 6-9) in an effort to obfuscate the essential differences between the CAFC decisions in the case at bar and in American Hoist & Derrick Co. v. Sowa & Sons, Inc., 725 F.2d 1350 (Fed. Cir. 1984). Respondent states blithely that the holding in

American Hoist "is consistent with the holding in the instant case," and that both cases "clearly state that such special interrogatories are desirable, but neither case mandates such special interrogatories" (O.B. 6).

While there is some overlapping language in both cases, the most startling consistency between the two cases is the procedure in the trial court. In both cases, the jury returned answers to written interrogatories addressed to ultimate legal issues, namely, patent validity (American Hoist, supra, 725 F.2d at 1354; Railroad Dynamics, at A-26). Because the interrogatories were directed to the legal issues of obviousness and patent validity, and not the underlying factual elements relating thereto, in neither case were there express findings of fact made by the jury (American Hoist, 725 F.2d at 1361;

Railroad Dynamics at A-15). In each case, the district judge set forth his own findings of fact relating to the Graham inquiries on the scope and content of the prior art, the level of ordinary skill, and the differences between the claimed invention and the prior art (American Hoist, 725 F.2d at 1361; Railroad Dynamics at A-16 and A-45-54). The trial court in both cases refused to grant motions for judgment notwithstanding the verdict or for a new trial. This is the end of the similarities which exist between the cases.

Although the panels of the CAFC in both American Hoist and the case at bar recommended the use of special interrogatories to obtain express factual findings by the jury underlying the obviousness determination, the CAFC in the present case held special interrogatories were not

essential and thereupon affirmed the trial court (A-17). A contrary holding and result occurred in American Hoist. There (725 F.2d at 1356), the CAFC reversed the trial court and ordered a new trial on the ground that general verdict forms, without the use of special interrogatories on the controlling facts patterned on Graham, were employed below.

Further, in the case at bar, the CAFC specifically approved the role reversal of judge and jury in which the trial judge finds the facts and the jury determines the legal conclusion of obviousness and validity, upholding the trial court's findings of fact so long as there is sufficient evidence of record to support the jury's implied findings (A-16). Again, the exact opposite holding in precisely similar circumstances, was rendered by the CAFC in American Hoist:

> The court seems to have turned the respective roles of judge and jury upside down. We caution that the role of the jury as fact-finder must not be usurped. 725 F.2d at 1351.

In view of the foregoing, Respondent's effort to obscure the contradictory holdings of two consecutive Federal Circuit decisions on substantially the same issues should be apparent. Accordingly, Respondent's argument should be disregarded.

3. It is Irrelevant Whether or Not, at the Time of Trial, the District Court Was Required by Then-Existing Precedent or Rule in the Third Circuit to Submit to the Jury Special Interrogatories.

Respondent alleged that, because the Third Circuit did not require submission of interrogatories to the jury on the factual issues underlying obviousness, the Distict Court for the Eastern District of Pennsylvania did not abuse its discretion in failing to do so in this case and contends that to hold otherwise would require

retrospective application of procedural rules (O.B. 5 at n.2, 10). This argument is totally without merit.

At the time of the trial in the American Hoist decision, supra, the Ninth Circuit did not require the use of special interrogatories. Nevertheless, the CAFC reversed the trial court in view of the trial court's failure to submit the factual inquiries of Graham to the jury.

Further, the same is true with respect to other circuit courts which have required the use of special interrogatories relating to the factual matters. See, Dual Manufacturing & Engineering, Inc. v. Burris Industries, Inc., 619 F.2d 660, 667 (7th Cir.), cert. denied 449 U.S. 870 (1980); Roberts v. Sears, Roebuck & Co., 723 F.2d 1324, 1343 (7th Cir. 1983). The time has come to unify the law and correct the errors of the courts below by revers-

ing the CAFC decision and remanding for a new trial properly submitting the factual inquiries to the jury.

Finally, the submission of Graham interrogatories is based not upon any procedural rule but instead upon this Court's decision in Graham and its applicability in the context of jury trials. The presence or absence of circuit court precedent or rules is irrelevant to the issue.

4. An Independent Analysis of the Legal Determination of Obviousness by the CAFC Would Have Revealed That Res-pondent's Patented Invention Was Obvious and Its Patent Invalid.

Respondent alleges that the CAFC's adoption of the district court's view of the evidence (A-11) satisfied the CAFC's duty to independently review and analyze the prior art and other aspects relating to obviousness to confirm whether or not substantial evidence supported the jury's

verdict and the trial court's denial of motions for judgment notwithstanding the verdict or a new trial (O.B. 10). Further, Respondent alleges that this is in accord with standard CAFC practice in other cases, such as Perkin-Elmer Corp. v. Computervision Corp., ___ F.2d ___, 221 USPQ 669, 675-677 (Fed. Cir. 1984). Respondent stated that the discussion of the prior art in Perkin-Elmer was merely to illustrate the presence of substantial evidence to support the facts presumably found by the jury (O.B. 9).

Respondent misunderstood the intent and import of Petitioner's argument on this point. Because obviousness, bearing on patent validity, is a matter of law, Graham, supra, 383 U.S. at 17, the CAFC should analyze carefully the prior art and other factors to see if the facts and law support the district court's conclusion.

In the present case, the CAFC merely accepted the statements of the district judge as set forth in the opinion denying Petitioner's post-trial motions, despite the many errors relating to the technology which are contained in the district judge's opinion as pointed out in detailed briefs to the CAFC. Rather than addressing these points or presenting an independent analysis refuting the contentions of error, the CAFC merely accepted the trial court's view of the evidence, which was not necessarily the jury's view and which was erroneous. This practice is not in accordance with proper appellate review and conflicts with prior and subsequent CAFC decisions.

One example of such a decision was Perkin-Elmer, supra, where the CAFC discussed the prior art in detail, unlike its procedure in the case at bar. It is ir-

relevant whether or not the discussion was for the purpose of illustrating the presence of substantial evidence supporting the facts presumably found by the jury in Perkin-Elmer. No such discussion was set forth here.

Another example of the CAFC's obligation to independently review the trial court's determination of obviousness (following a bench trial) is set forth in Jervis B. Webb Co. v. Southern Systems, Inc., Appeal No. 84-568 (Fed. Cir., August 16, 1984), Slip Op'n at 8-16. It is most significant that, following a full factual review, the court stated:

> A determination of obviousness is a question of law that is subject to a full and independent review by an appellate court. Id., at 8.

The refusal of the CAFC to make such an independent review in this case is error and reversal is therefore required.

5. A Petitioner Need Not Demand Specific Relief in a Petition for a Writ of Certiorari.

At several points in its brief, Respondent argued that Petitioner had not requested specific relief in its Petition, but instead was seeking guidance, clarification, and review of the issues raised in the Petition (O.B. 5, 6, 10-11).

This Court's Rule 17 sets forth the considerations governing review on certiorari. Rule 21 sets forth the required contents for a petition for a writ of certiorari. Nowhere in those or any other Supreme Court Rules is it specified that a demand for relief must be contained in the petition.

After the Petition is granted and this Court in its discretion decides to review the issues presented, a brief on the merits will be filed. Such a brief will include a "conclusion, specifying with

particularity the relief to which the party believes himself entitled" (Supreme Court Rule 34). Thus, the appropriate time for specifically requesting relief is after the Petition for a Writ of Certiorari has been granted, and not in the Petition itself.

Despite the above, it is clear that the Petitioner seeks reversal of the CAFC's holding in this case and a remand of this matter to either the CAFC or the trial court for a new trial, depending upon the precise issue upon which relief is granted.

6. Conclusion.

For the reasons set forth above and in the Petition for a Writ of Certiorari, a Writ of Certiorari should issue to the Court of Appeals for the Federal Circuit.

Respectfully submitted,

RAILROAD DYNAMICS, INC.

By: (ORIGINAL SIGNED) ALAN S. NADEL

Alan S. Nadel
Ronald L. Panitch
Panitch Schwarze Jacobs
& Nadel
Suite 1400
2000 Market Street
Philadelphia, PA 19103
215-567-2020

Edward H. Rubenstone
Groen, Goldberg & Rubenstone
1 Greenwood Square, Suite 101
Bensalem, PA 19020
215-638-9330

Attorneys for Petitioner